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RUEHEG/AMEMBASSY CAIRO PRIORITY 1504
RUEHDM/AMEMBASSY DAMASCUS PRIORITY 4081
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RUEHTU/AMEMBASSY TUNIS PRIORITY 4473
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RUEHJM/AMCONSUL JERUSALEM PRIORITY 8933
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UNCLAS TEL AVIV 000221

SIPDIS

STATE FOR NEA, NEA/IPA, NEA/PPD

WHITE HOUSE FOR PRESS OFFICE, SIT ROOM
NSC FOR NEA STAFF

SECDEF WASHDC FOR USDP/ASD-PA/ASD-ISA
HQ USAF FOR XXXX
DA WASHDC FOR SASA
JOINT STAFF WASHDC FOR PA
CDR USCENTCOM MACDILL AFB FL FOR POLAD/USIA ADVISOR
COMSOCEUR VAIHINGEN GE FOR PAO/POLAD
COMSIXTHFLT FOR 019

JERUSALEM ALSO ICD
LONDON ALSO FOR HKANONA AND POL
PARIS ALSO FOR POL
ROME FOR MFO

SIPDIS
E.O. 12958: N/A
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SUBJECT: ISRAEL MEDIA REACTION

SUBJECTS COVERED IN THIS REPORT:

Mideast

Key stories in the media:

Ha'aretz reported that according to a senior political source, PM Ehud Olmert has still not figured out how to resolve the issue of Jerusalem. According to Ha'aretz, Jerusalem is likely to be left

until the end of the negotiations as the Israeli side has become convinced that it is too sensitive and complex with potentially negative ramifications for the entire process. The government is concerned that talks on Jerusalem would lead to the fall of the governing coalition as the ultra-Orthodox Shas party has stated that no concessions over Jerusalem can be made or even discussed. Ha'aretz reported that Foreign Ministry Director General Aharon Abramovitch told French officials last week that it is highly likely that negotiations on Jerusalem will be postponed because of domestic political reasons. Abramovitch has denied making these remarks. According to Ha'aretz, President Bush also supports postponing talks on Jerusalem until the end of the negotiations.

Leading media reported that PM Olmert promised Palestinian President Mahmoud Abbas on Sunday that Israel will not let a humanitarian crisis develop in Gaza. The two leaders said they will demand that Egypt reseal the border. The Jerusalem Post reported that Olmert told Abbas that Israel would not let normal life return to Gaza as long as Qassam rockets fall. Leading media reported that the state told the High Court of Justice on Sunday that Israel will resume the supply of industrial-use diesel in the Gaza Strip according to levels set prior to the blockade. Ha'aretz quoted officials in Jerusalem as saying that "Israel will not allow the continuation of the current state where its security interests are being compromised." The officials added that Abbas and Olmert saw eye to eye on what they perceive as the need to refrain from negotiations with Hamas. Ha'aretz reported that over the past few days Egyptian authorities have arrested Palestinians armed with assault rifles and handguns. Maariv reported that on Sunday an assessment presented to Defense Minister Barak showed that new kinds of dangerous weapons have been brought into the Gaza Strip via Rafah over the past several days. On Sunday The Jerusalem Post reported that more than 1,000 people took part in a demonstration organized by a coalition of left-wing groups at the Erez crossing on Saturday, in solidarity with Gazans and Sderot residents, under the slogan: "Stop the siege on Gaza: A demonstration for Gaza and for Sderot."

The Jerusalem Post and other media reported that Egypt has invited Hamas representatives to Cairo for talks on controlling the border between the Gaza Strip and Sinai. Last week Palestinian PM Salam Fayyad was in Cairo discussing the border.

Maariv and Yediot led with imminent publication of the Winograd report. Maariv wrote that former IDF chief of staff Dan Halutz will be the main target of the report but that current Defense Minister Ehud Barak and former defense minister Shaul Mofaz might not be spared. All media reported that on Sunday FM Livni met with representatives of bereaved families and told them that she is willing to listen but that she will not take part in their struggle.

Israel Radio quoted a Meretz MK as saying that PM Olmert is cynically exploiting the leaked sections of the Winograd Report. The radio reported that in the classified portion of the report, three members of the Winograd Commission praised the ground offensive in Lebanon.

Israel Radio reported that Iran is offering its assistance to Egypt in aiding the thousands of Palestinians streaming into its territory from the Gaza Strip. A high-ranking Iranian diplomatic made the offer while he met in Cairo on Sunday with Egyptian FM Ahmed Ali Abu al-Gheit. The radio quoted a spokesman for the Foreign Ministry in Cairo as saying that both countries can cooperate in providing assistance via the Red Crescent organization.

Ha'aretz and Maariv reported that last week in Paris, Defense Minister Ehud Barak told Pakistani President Pervez Musharraf that he was concerned about the growing strength of extremist Islamic movements in Pakistan. He also said he was worried that Pakistan's nuclear weapons would fall into the hands of extremists. Separately, in an interview with Newsweek held at Davos, Barak said Iran has no reason to develop a missile with a range of 1,500 miles unless it is meant to carry a non-conventional warhead. Barak also said that according to Israel's assessments Iran is moving ahead with the development of nuclear weapons. The Defense Minister said Israel has an entirely different view than that expressed in the American National Intelligence Estimate. However, Barak acknowledged that it is not clear how much enriched uranium the Iranians have managed to produce.

The Jerusalem Post reported that on Sunday Ehud Barak hinted at elections in March 2009. On Sunday Yediot quoted Barak as saying in an interview with The Washington Post and Newsweek that he is contemplating a Qnational emergency governmentQ following publication of the Winograd report.

Israel Radio reported that the Israeli Arab Higher Monitoring Committee is likely to proclaim a general strike in the Israeli-Arab sector and to turn to the international community, following Attorney-General Menachem Mazuz's decision on Sunday not to close the cases against police officers involved in suppressing the October 2000 riots. Major media reported that 20 Arab Israelis have been arrested in a joint Shin Bet/Israel National Police operation on suspicion of conducting weapons deals with Fatah's Tanzim.

Ha'aretz (English Ed.) reported that PM Olmert canceled his appearance before the World Jewish Congress (WJC) board of governors this week after WJC President Ronald Lauder published an open letter calling on Olmert to involve world Jewry in any decision on the future of Jerusalem.

Maariv ran a feature on alleged brutalities against Palestinians carried out by troops from the Givati Brigade.

Leading media reported that in exchange for the government agreeing to increase its share of financing the company's security costs, the privatized El Al Israel Airlines has agreed to give up its monopoly on overseas lines, meaning other domestic Israeli airlines will be able to compete on El Al's routes. The airline's acquiescence remains subject to formal approval by the relevant company bodies.

Mideast:

Summary:

The independent, left-leaning Ha'aretz editorialized: "An immediate summit is needed between Egypt's President and Israel's Prime Minister, with or without a senior U.S. presence.",

Diplomatic correspondent Shimon Shiffer wrote in the mass-circulation, pluralist Yediot Aharonot: "An increasing number of figures in the Israeli leadership are reaching the conclusion that a dialogue with Hamas, one way or another, is vital, if we wish to calm the southern border."

Senior columnist Nahum Barnea wrote in Yediot Aharonot: "Olmert and Barak would do well to listen to other officers, including officers who fought in Gaza in recent years. There are hundreds of thousands of people [in Gaza] who pray for stability, for normalcy, say these officers."

The Director of the Interdisciplinary Center's Global Research in International Affairs Center, columnist Barry Rubin, wrote in the conservative, independent Jerusalem Post: "To portray [Hamas's] latest antics as some kind of success is simply wrong. They are a disaster."

Ha'aretz editorialized: "An approach that treats inquiry commissions as a legal guillotine rather than a way of ascertaining the truth is unacceptable."

Block Quotes:

II. "Double Threat to Peace"

The independent, left-leaning Ha'aretz editorialized (1/27): "Peace with Egypt is one of Israel's greatest strategic assets, although it is a cool peace. The entire Arab world followed it in moving ahead toward coming to terms with Israel. Over the past week danger has hung over this peace. Events on the border between the Gaza Strip and Egypt threaten to tear the delicate fabric of Cairo-Jerusalem relations. At the same time, they also jeopardize the yet-to-be-attained peace between Israel and the Palestinians, at a fragile moment in the process the Bush administration is trying to

drive forward.... The ongoing Egyptian failure to seal the border with Gaza, in addition to the immediate threat of terror that has already set out from Gaza to Sinai, will push Israel against its will into a costly and continual military operation in the Rafah area. Such an operation will not only cost many Israeli and Palestinian lives but will also make it very difficult for Palestinian President Mahmoud Abbas to continue the peace process.... At the Annapolis conference, President George W. Bush dictated that there would be meetings every two weeks between the Israeli and Palestinian leaders. The crisis in the south has changed the priorities. An immediate summit is needed between Egypt's President and Israel's Prime Minister, with or without a senior U.S. presence."

II. "Perhaps We Will Have to Talk to Hamas"

Diplomatic correspondent Shimon Shiffer wrote in the mass-circulation, pluralist Yediot Aharonot (1/27): "Abu Mazen's dilemma lies in the fact that the Israeli side will immediately halt the dialogue with him as soon as he engages in dialogue with Hamas. Officials in Jerusalem believe, therefore, that at least in the short term, the Chairman will continue to speak against Hamas, based on the desire to extricate an agreement of principles from the Israelis on partitioning the land -- and only then will he turn to Hamas. On the other hand, an increasing number of figures in the Israeli leadership are reaching the conclusion that a dialogue with Hamas, one way or another, is vital, if we wish to calm the southern border. Ironically enough, Israel does not perceive the toppling of the walls on Philadelphia Road solely as a negative development, but also as an opportunity to reshuffle the deck in the dialogue with the Palestinians. However, none of this, say political sources, improves the chances for the release of the soldier Gilad Shalit. The negotiations with his kidnappers have been stuck because there is wall-to-wall opposition in Israel to the release of hundreds of prisoners that Hamas is demanding in exchange for the kidnapped soldier."

III. "For a Milder Touch"

Senior columnist Nahum Barnea wrote in Yediot Aharonot (1/28): "As of now, the only element that comes out ahead in the blockade is Hamas. Its prestige has strengthened. Its warehouses have filled up. Its subjects are grateful. The Arab world admires it. We gave Hamas this victory with our own hands. Olmert and Barak would do well to listen to other officers, including officers who fought in Gaza in recent years. There are hundreds of thousands of people there who pray for stability, for normalcy, say these officers. They oppose the path of the terrorist organizations with all their being. Instead of starving these people, let them exist, work, grow, market, export. Hamas will not be defeated by hunger, they say, but rather by a life with dignity. It is possible that this idea, too, is a failure. One thing is certain: it contains less damage. And if they wish, they can always stop and go back to the beginning, which cannot be said of the current bad situation."

IV. "Hamas's PR Debacle"

The Director of the Interdisciplinary Center's Global Research in International Affairs Center, columnist Barry Rubin, wrote in the conservative, independent Jerusalem Post (1/28): "Public support for Israel in America is at an all-time high. In some European countries, notably France and Italy, it has been rising. At any rate, no important Western states are siding with Hamas. If they have any policy obsession it is pushing the peace process, and Hamas is recognized as a barrier to that.... Two years after Hamas's election victory and six months after it seized the Gaza Strip, international sanctions show no sign of faltering. Other than Syria, no Arab state is helping Hamas. Egypt may be soft on Hamas at times, but it is very angry at the organization. In the West Bank, the Palestinian Authority, now a Fatah regime, is not falling apart (well, not any more than usual).... If it opted for quiet, Hamas could build up Gaza's economy and social institutions, training a future generation for all-out war. But it also rejects this wisely cynical approach. Yasser Arafat, of course, made the same error. So while Hamas will never give up, it also will never win. To portray its latest antics as some kind of success is simply wrong. They are a disaster, and to understand this reality is to comprehend the central blunder plaguing the Palestinian movement since its

inception."

IV. "Wait until Wednesday"

Ha'aretz editorialized (1/28): "It would have been appropriate for anyone interested in issuing an alternative Winograd report' to wait until the real Winograd report is released on Wednesday. But by last week, three alternative reports had already been issued -- one by bereaved parents, another by Meretz faction whip Zahava Gal-On, and the third by the protest movements. What all the reports have in common is the recommendation that the Winograd Commission will not be writing: Dismiss the prime minister. It's difficult not to get the impression that since the Commission announced in advance that it would not be calling for any heads to roll, those behind the alternative reports have rejected it from the outset. But an approach that treats inquiry commissions as a legal guillotine rather than a way of ascertaining the truth is unacceptable.... With all due respect to the army's commanders in the field, we cannot accept the letter in which 50 company commanders demand that the prime minister be ousted.... Even Foreign Minister Tzipi Livni's meeting with the reserve soldiers on Sunday was out of place. Livni could have met with them months ago, and there's no reason she shouldn't do so as of Thursday. Sunday, though, was the time to tell the reservists that they too should wait.... Moreover, it could be that the Winograd Commission members will have something important to say on matters no less important than the fate of the prime minister. For instance, was there a need for an earlier ground offensive? Was the home front neglected so that soldiers would not be hurt? Was the war conducted with both hands and a leg tied behind the back? And what is needed to make sure all these things don't take place in the next war? It is worth looking intensively for the answers to these and other questions in the Winograd report, rather than holding steadfastly to predetermined positions."

JONES